

Marshall University

Code of Conduct for Private Education Loans

I. Introduction

The Title IV of the Higher Education Act (HEA), and federal regulations contained in *34 CFR 668.14(b)(27)*, and *34 CFR 601.21* require Marshall University (referred to throughout this document as “the University”) to develop, administer, and enforce a code of conduct with respect to private education loans. The Code of Conduct sets forth standards for business relationships between the University, its affiliated organizations and entities, and private entities that make or hold education loans (referred to throughout this document as “lender”).

II. Purpose

This code of conduct is intended to provide written guidance to University officials and affiliated members in regard to their interactions with lending institutions. It follows University policy of providing financial aid to students in a manner that is free from conflict of interest, in the best interest of students, and is in compliance with current laws and regulations.

III. Distribution Requirements

Affiliates of Marshall University must also comply with this code of conduct. An affiliated organization may include, but is not limited to, alumni, athletic, social, academic, or professional organizations and foundations. An organization does not need to be directly related to or dependent on Marshall University to be affiliated. An education loan lender is not an affiliated organization.

HEA Sections 487(a)(25)(A); 34 CFR 601.21(a)(2)(i); 34 CFR 668.16(d)(2)

In addition, an affiliated organization must publish this code of conduct (and if it has an internet website, publish the code of conduct on its website), if it is engaged in the practice of recommending, promoting, or endorsing education loans for students who attend Marshall University.

34 CFR 601.2 and 34 CFR 601.21(b)

IV. Definitions

For the purpose of this policy, key terms are defined as follows:

Private Education Loan – any loan that is not made under Title IV of the Higher Education Act and is issued to a borrower expressly for postsecondary education expenses, regardless of whether the loan is disbursed to the University on behalf of the student, or directly to the student. The following are not considered private education loans, and are not covered by this code of conduct:

- A loan secured to cover educational expenses through the following means:
 - Residential mortgage transaction
 - Reverse mortgage transaction

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- Extension of credit under an open-end consumer credit plan (e.g., a home equity line-of-credit, open line of credit tied to a Certificate of Deposit)
- Real property
- A dwelling
- An extension of credit in which Marshall University is the lender if the term of the extension of credit is 90 days or less, such as the OASIS Payment Plan.
- An extension of credit in which Marshall University is the lender and the term of the extension of credit is one year or less and an interest rate will not be applied to the credit balance.

34 CFR 601.2

V. Policies

A. Gifts

Gift Definition

A gift means any gratuity, favor, discount, entertainment (including expenses for shows, sporting events, or alcoholic beverages), hospitality (including private parties of select training or conference attendees), loan, or other item having a monetary value of more than a *de minimus* or nominal value. A gift includes services, transportation, lodging, or meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

HEA Section 487(e)(2); 34 CFR 682.200(b)

An officer, employee, or agent of the University who is employed in the financial aid office or who otherwise has direct responsibility with respect to education loans must not solicit or accept any gift from a lender, lender servicer, or guarantor.

A gift to a family member of an officer, employee or agent of the University, or a gift to an individual based on that individual's relationship with the University's officer, employee, or agent is not permissible if either of the following applies:

- The gift is given with the knowledge and acquiescence of the University's officer, employee, or agent, or
- The officer, employee, or agent has reason to believe the gift was given because of that person's official position with the University.

34 CFR 601.21(c)(2)(iv)

An officer, employee, or agent of the University, or a member of an organization affiliated with the University may accept items of a *de minimus* or nominal value from a lender, lender servicer, or

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guarantor that are offered as a form of generalized marketing or advertising or to create good will. Examples of permissible gifts include, but are not limited to the following:

- Pens or pencils
- Notepads
- Sticky-notes
- Rulers
- Calculators
- Small tote bags
- Other individual office supply items

An employee of the University may also accept items of value from a lender, lender servicer, or guarantor, which are also offered to the general public.

HEA Section 487(e)(2)(B); 34 CFR 682.200(b)

B. Philanthropic Gifts/Contributions to the University

The University will not accept philanthropic contributions, including, but not limited to scholarships and grants for students, from a lender, lender servicer, or guarantor that are related to the education loans the lender, lender servicer, or guarantor provided to students by the lender, lender servicer, or guarantor, or that are made in exchange for any advantage related to education loans.

HEA Section 487(e)(2)(B)(ii)(V); 34 CFR 682.200(b)(5)(i)(A)(9); 34 CFR 682.401(e)(1)(i)(E)

The University may accept philanthropic contributions from a lender, lender servicer, or a guarantor that are not related to the education loans provided by the lender or guarantor, and that are not made in exchange for any advantage to the lender, guarantor, or servicer.

HEA Section 487(e)(2)(B)(ii)(V); 34 CFR 601.21(c)(2)(iii)(E)

C. Advisory Councils

An officer, employee, or agent of the University who is employed in the financial aid office or who otherwise has direct responsibilities with respect to education loans may not serve on or otherwise participate in an advisory council established by a lender or its affiliate, or group of lenders. (See exceptions below under “Permissible Activities”).

HEA Section 487(e)(7); 34 CFR 601.21(c)(7)

An officer, employee, or agent of the University who is employed in the financial aid office or who otherwise has responsibilities with respect to private education loans or other student aid may serve on an advisory board for a lender, group of lenders, guarantor, or group of guarantors and be compensated

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from reasonable expenses incurred in that service. Expenses are considered to be reasonable if either of the following conditions is met:

- The expenses meet the standards of and are paid in accordance with a state government reimbursement policy applicable to the University.
- The expenses meet the standards of and are paid in accordance with the applicable federal cost principles for reimbursement. Federal cost principles are those contained in either OMB Circular A-21 or Circular A-122.

34 CFR 601.21(c)(7); 34 CFR 668.16(d)(2)(ii); 34 CFR 682.401(e)(2)(vi)

D. Boards of Directors

Lender, Lender Servicer, and Guarantor

An employee or agent of the University who is employed in the financial aid office may not serve on or otherwise participate in the board of directors of a lender, lender servicer, or guarantor.

An employee or agent of the University who is not employed in the financial aid office but who has responsibility with respect to education loans may not serve on or otherwise participate in the board of directors of a lender, lender servicer, or guarantor, if that employee or agent will participate in any decision of the board with respect to private education loans offered to students that attend Marshall University.

An employee or agent of the University who is not employed in the financial aid office and who has no responsibility with respect to education loans may serve unrestricted and be compensated for service on the board of directors of a lender, lender servicer, or guarantor.

An agent of the University who is not employed in the financial aid office but who have responsibility with respect to private education loans may serve with compensation on the board of directors of a lender, lender servicer, or guarantor, if that agent will not participate in any decision of the board with respect to private education loans offered to students that attend Marshall University.

Institutional Board of Governors

No officer, employee, agent, or contractor of a lender, lender servicer, or guarantor may serve on the board of governors, if that individual will participate in any decision of the board with respect to private education loans offered to students that attend Marshall University.

An officer, employee, or agent of a lender or lender servicer, or a guarantor may serve as a member of the Marshall University Board of Governors if that individual will not participate in any decision of the board with respect to private educational loans.

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HEA Section 487(e)(3)(B)(i), (ii) & (iii); 34 CFR 601.21(c)(3)(i) & (ii)

E. Choice of Lender

Officers, employees and agents of the University will not:

- Require a student to use a specific lender for private education loans
- Encourage or influence a student to choose a specific lender
- Show preference for one lender over another
- Refuse to certify or cause delays for a borrower based on their selection of lender

Officers, employees and agents of the University will:

- Ensure that students are informed about their private loan options
- Answer any questions about the private loan process or a specific lender in an unbiased manner
- Provide services necessary to assist the student with the private education loan process

34 CFR 601.21(c)(4)

F. Consulting and Contractual Arrangements

An officer, employee, or agent of the University who is employed in the financial aid office or who otherwise has responsibilities with respect to education loans will not accept from any lender or its affiliate any fee, payment, or other financial benefit as compensation for any type of consulting arrangement or other contract to provide services to or on behalf of the lender. A prohibited financial benefit includes the opportunity to purchase stock.

34 CFR 601.21(c)(3)

An officer, employee, or agent of the institution who is not employed in the financial aid office and who has no responsibilities with respect to education loans may accept compensation from a lender for a consulting arrangement or other contract to provide services to or on behalf of a lender.

34 CFR 601.21(c)(3)

G. Loan Counseling

The University may request and accept services from a lender in conducting entrance and exit loan counseling for our students, provided:

- University staff is in control of the counseling. To be considered “in control of the counseling,” staff must review and approve the content of the counseling and provide oversight over how the counseling is conducted.
- The lender does not promote specific lender’s products or services.

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Counseling materials that the University accepts from a lender must disclose the identity of the entity that assisted in preparing or providing the materials, and must not be used to promote the lender's education loan or other products.

HEA Section 487(e)(2)(B)(ii)(IV); 34 CFR 682.200(b)(5)(ii)(A); 34 CFR 682.401(e)(2)(i)

H. Loan Terms and Conditions

The University does not solicit any private education loan lenders for specific loan terms and conditions for students.

34 CFR 682.200(b)(5)(ii)(E)-(I)

I. Opportunity Pools

Opportunity Pool Definition – Opportunity pool means a private education loan made by a lender to a student attending this University or the student's family member that involves the University paying points, premiums, additional interest, or financial support to the lender for the purpose of that lender extending credit to the borrower.

The University will not accept or request an offer of funds from an opportunity pool to be used for private education loans.

HEA Section 487(e)(5); 34 CFR 682.200(b)(5)(iii)(C); 34 CFR 601.21(c)(5)

J. Publications

The University does not permit lenders to print or distribute any University-related publications. A lender is not permitted to use the University logo in the marketing of private education loans to our students or parents.

The University does accept limited quantities of publications from a lender as informative references for staff regarding the private education loan options that are available. However, the University does not distribute these publications to students and parents.

34 CFR 682.200(b)(5)(iii)(C); 34 CFR 682.401(e)(3)(iii); 34 CFR 601.12

K. Revenue Sharing Arrangements

The University will not solicit or accept a fee, revenue or profit sharing, or other material benefit from a private education lender that issues loans to or on behalf of students in exchange for the University recommending that lender or the lender's products.

HEA Section 487(e)(1); 34 CFR 601.21(c)(1)

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L. Staffing Assistance

The University will not allow any member of a lending institution to staff the Office of Student Financial Assistance under any circumstances.

HEA Section 487(e)(6); 34 CFR 601.21(c)(6); 34 CFR 682.200(b)(5)(i)(10)

M. State Education Grants, Scholarships, & Financial Aid Funds

The University may accept state grants, scholarships and other state-based financial aid funds administered by or on behalf of a state from an entity who is also a guarantor.

HEA Section 487(e)(2)(B)(ii)(VI); 34 CFR 601.21(c)(2)(iii)(F)

N. Student Aid Related Programs

The University may accept, free of charge, from a lending institution workshops or trainings that are designed to improve the lender services or contribute to staff professional development. The lender or guarantor must disclose its identity in the materials that it assists in preparing or providing and the materials must not promote its education loan products.

HEA Section 487(e)(2)(B)(ii)(I); HEA Section 487(e)(6)(B)(i) & (ii); 34 CFR 601.21(c)(2)(iii)(A); 34 CFR 682.401(e)(2)(ii), (iii) & (iv)

O. Technology

The University will not accept from a private lender, lender services, or guarantor any computer hardware or software unrelated to the processing of private education loans from a lender. The University will not accept free data transmission services from a private loan lender that is unrelated to electronic processing of private education loans.

The University will accept, free of charge, technology that is associated with loan processing. Toll-free numbers may be used to obtain information and assistance with the processing of a private education loan.

34 CFR 601.21(c)(2)(iii)(A); 34 CFR 682.200(b)(5)(iii)(C); 34 CFR 682.401(e)(3)(iii)

P. Training, Travel and Lodging.

The University will not accept payment of training or conference registration, travel, or lodging costs from a lender. The University may accept, free of charge, from any lender, workshops or training sessions that are designed to improve the lender services or contribute to staff professional development.

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HEA Section 428(b)(3); HEA Section 435(d)(5); 34 CFR 601.21(c)(2)(i),(ii) & (iii); HEA Section 487(e)(2)(B)(ii); HEA Section 487(e)(6)(B)(i); 34 CFR 682.401(e)(2)(ii), (iii) & (iv)

Q. Other Permissible Benefits and Services

An employee, officer or agent of the University may accept other benefits or services from a lender that are specifically identified in a separate, public notice issued by the U.S. Department of Education.

34 CFR 682.200(b)(5)(ii)(A); 34 CFR 682.401(e)(2)(i)